

**CALL NO. 08-1
FOR PROFESSIONAL SERVICES
TO BE PROVIDED TO THE
CITY OF SANTA CLARA, CALIFORNIA
BY QUANTUM ENERGY SERVICES & TECHNOLOGIES, INC.**

The Parties to this Call No. 08-1 ("Call") agree that on this _____ day of _____, 2008, this Call is made pursuant to the terms of a Call Agreement between the Parties entitled, "Call Agreement by and Between the City of Santa Clara, California and Quantum Energy Services & Technologies, Inc., of the same date, the terms of which are incorporated by this reference. This Call describes the Services to be provided to the City of Santa Clara, California ("City") by Quantum Energy Services & Technologies, Inc. ("Contractor"), which are more fully described in Contractor's proposal to City entitled "2008-2009 Data Center Optimization Program Scope of Work" dated September 15th, 2008 ("Proposal"), attached to this Call as Exhibit A and incorporated by this reference. The Services to be performed under this Call shall be completed within the time period beginning on October 1, 2008, and ending on September 30, 2009. The attached Proposal contains a complete description of the Services, and performance dates for the completion of such Services, to be performed by the Contractor under this Call. In no event shall the amount paid to the Contractor for the Services provided to City by the Contractor under this Call, including all fees or pre-approved costs and/or expenses, exceed four hundred ninety six thousand one hundred twenty five dollars (\$496,125.00), subject to budgetary appropriations.

The Parties acknowledge and accept the terms and conditions of this Call as evidenced by the following signatures of their duly authorized representatives.

**CITY OF SANTA CLARA, CALIFORNIA,
a chartered California municipal corporation**

Approved as to Form:

HELENE L. LEICHTER
City Attorney

Attest:

ROD DIRIDON, JR.
City Clerk

By: _____
JENNIFER SPARACINO
City Manager

1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

**QUANTUM ENERGY SERVICES & TECHNOLOGIES, INC.
a California corporation**

By: _____
PATRICK J. PIETTE

Title: CFO

Address: 2001 Addison Street, Suite. 300
Berkeley, CA 94704

Telephone: (510) 540-7200

Facsimile: (510) 981-2003

2008 – 2009 Data Center Optimization Program
Scope of Work
September 15, 2008

The Data Center Optimization Program (DCOP) serves the data center sub-segment of the SVP commercial market segment. This energy efficiency program targets small embedded and enterprise data center facilities that are approximately 10K square feet or less. DCOP takes a comprehensive view of achieving energy conservation in data centers and includes as part of its offering an assessment of all electric end uses such as facility site infrastructure loads (cooling, fans, pumps, lighting, and uninterruptible power supplies), network equipment, storage, and servers. Program scope includes comprehensive facility assessments, reports, project management service during implementation, financial incentives for kWh reductions, and savings verification services. The program aims to achieve 2 Million kWh of first year energy savings.

A. PROGRAM IMPLEMENTATION AND DELIVERY

Task 1 – Set Up Program

As part of this task, QuEST program staff will attend meetings for training, and develop all necessary materials in order to launch and implement the program.

A. Attend Program Kick-off Meeting: Data Center Optimization program (DCOP) program staff will attend a program kick off meeting with the SVP Program Manager and other SVP staff in order to discuss program logistics, marketing coordination, evaluation, monitoring and verification coordination, invoicing requirements, scope of work, and any remaining contractual issues.

Specifically, as discussed in the marketing plan below, DCOP will need to work with the SVP Program Manager to determine contacts for assigned Key Customer Representatives. Determining these contacts and developing a process for working with Key Customer Representatives is critical to the success of the program.

In addition, based on QuEST's current work in this market segment, we would be interested in including SVP staff that focus on this market segment as part of this meeting or possibly an additional follow-up meeting.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/01/2008.

B. Detailed Schedule of Activities: DCOP staff will develop a detailed schedule of activities that provides a monthly work plan and implementation timeline which will be used to evaluate the reasonableness of the work plan and timeline.

DCOP will develop this schedule based on our experience working with the high tech segment and will incorporate the potential delays that are typical when working within this market segment. We have learned that these must be accounted for to project a realistic timeline and plan accordingly in order to deliver program savings targets.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/15/2008.

C. Marketing Plan: DCOP program staff will develop a detailed marketing plan which will include a discussion of all necessary marketing materials directly involved with program implementation or for general customer information.

Marketing materials for the proposed program will likely include a one-sheet informational brochure and a program website containing similar information.

In addition, the marketing plan will include an approach that coordinates closely with SVP Key Customer Representatives.

DCOP will prepare and submit a draft marketing plan to the SVP program manager and, based on feed back it receives, will update the document. A finalized marketing plan will be submitted to the utility as a deliverable.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/15/2008.

D. Marketing Materials: DCOP program staff will submit all marketing collateral materials, as outlined in the Marketing Plan, for SVP approval prior to distribution, circulation, or publication. As mentioned above, these materials will likely include a one-sheet informational brochure and a program website content containing similar information.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/15/2008.

E. Program Documents: DCOP staff will develop all documents necessary for implementation of the program. All documents related to the program will be submitted to SVP for approval prior to distribution, circulation, or publication. Program documents will include participation guidelines, terms and conditions for receiving financial incentives, etc.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/15/2008.

F. Invoice and Reporting Tools: QuEST program staff will submit to SVP a sample of all the reporting tools that are required as further outlined under Task 5 – Invoicing and Reporting for Completed Jobs.

Due Date: To be awarded by SVP after contract is approved by City Council. For the purposes of this proposal, QuEST estimates 10/15/2008.

Task 2 – Launch Program

As part of this task, QuEST program staff will launch the program by providing information to SVP Key Customer Representatives and start the marketing campaign. As mentioned above, this is a critical step in the proposed program, as contacting, introducing DCOP, and coordinating with SVP Key Customer Representatives supports the key component of starting the marketing effort.

A. Implement Marketing Campaign: QuEST program staff will execute the planned marketing campaign based on the proposed marketing plan and coordinate all marketing activities with the SVP program manager. As part of the program monthly report (or more frequently if necessary), program staff will include marketing progress updates.

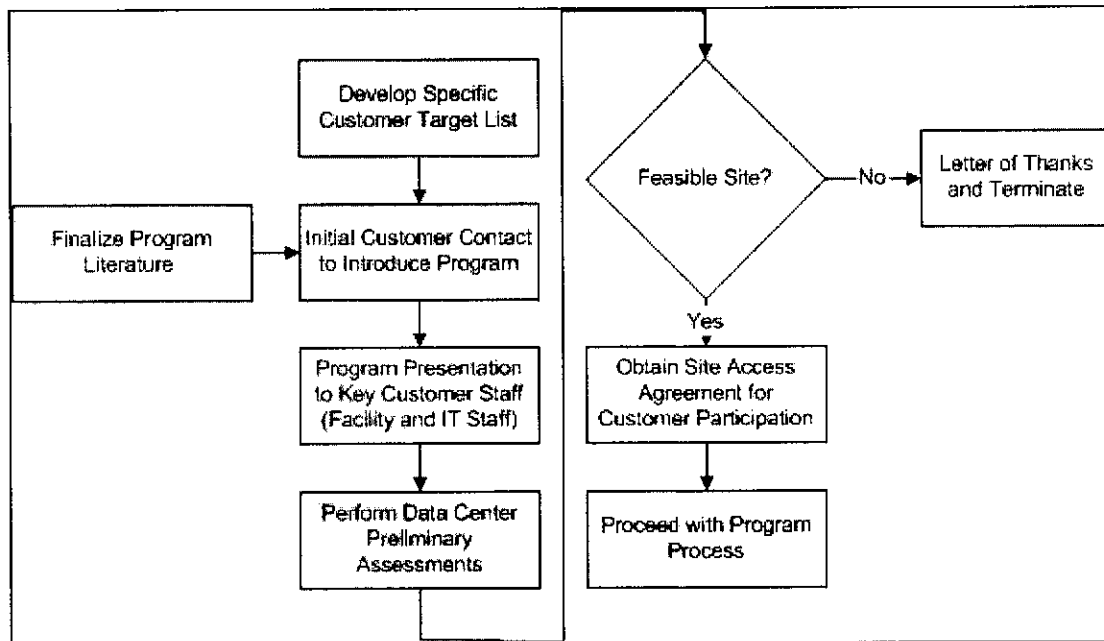
Deliverables: Program Launch and Implementation of Marketing Plan

Due Date: 10/15/2008

Task 3 – Enroll Customers (Pre-Commitment Stage)

The DCOP Program is designed to be aggressive in its direct marketing efforts, as it is important to make contact and sign up customers as early as possible because it takes time to proceed through the project installation process. Direct marketing efforts include establishing a list of potential customers, contacting customers directly through email, letters and personal telephone calls, and making presentations in person at the customer's site. Moreover, QuEST will work and prioritize customer contact in accordance with SVP direction. SVP may have a list of identified potential participants that will be contacted with priority. In Exhibit 1, we provide an overview of the flow of marketing and recruitment activities.

Exhibit 1
Marketing and recruitment work flow



"Enrolled" customer means that a customer has executed a Site Access Agreement thereby agreeing to participate in a preliminary site assessment. QuEST expects that it will need to enroll approximately 6 data centers units in order to meet program goals. A single unit of data center is defined as 5,000 square feet of data center space.

Deliverables: Signed Access Agreement and Facility Assessment Report for each participant

Due Dates: Deliverable Schedule Below (Table 1)

Table 1
Task 4 and 5 Deliverable Schedule

Milestone Dates	Site Access (Enrolled)	Facility Reports (Enrolled)	Executed Incentive Applications (Commitment)	Installations	Verifications	Incentive Payments
12/01/2008	2	1	0	0	0	0
3/01/2009	2	2	2	1	1	0
6/01/2009	2	3	3	1	1	2
10/01/2009	0	0	0	1	1	1
Total	6	6	5	3	3	3

Task 4 – Install Energy Efficient Hardware and Projects (Commitment Stage)

During the Project Implementation phase, DCOP service providers begin work in the building. There are three phases of work: Detailed Investigation, Measure Implementation, and Hand-off. The first, and most time-consuming phase, is the detailed investigation of the building's systems. DCOP engineers will develop a list of DCOP measures, complete with measure costs, and energy and cost savings estimates that may be considered for a particular site. DCOP engineers will refer to and use the recommendations and observations collected during the preliminary assessment phase of the work. Financial incentives will only be offered for DCOP measures. This list is provided to the customer, and agreement is reached on what the customer will implement. At the end of the Implementation phase, DCOP will inspect that the measures have been installed, take additional measurements if necessary, and verify proper installation. Incentives are paid after measure installation. In the Hand-off phase, the systems manual is delivered, and training is provided to the building operator on its use. Systems manuals document the current facility requirements, optimum operation of the system, and preferred setting of controls.

//

//

//

//

//

//

//

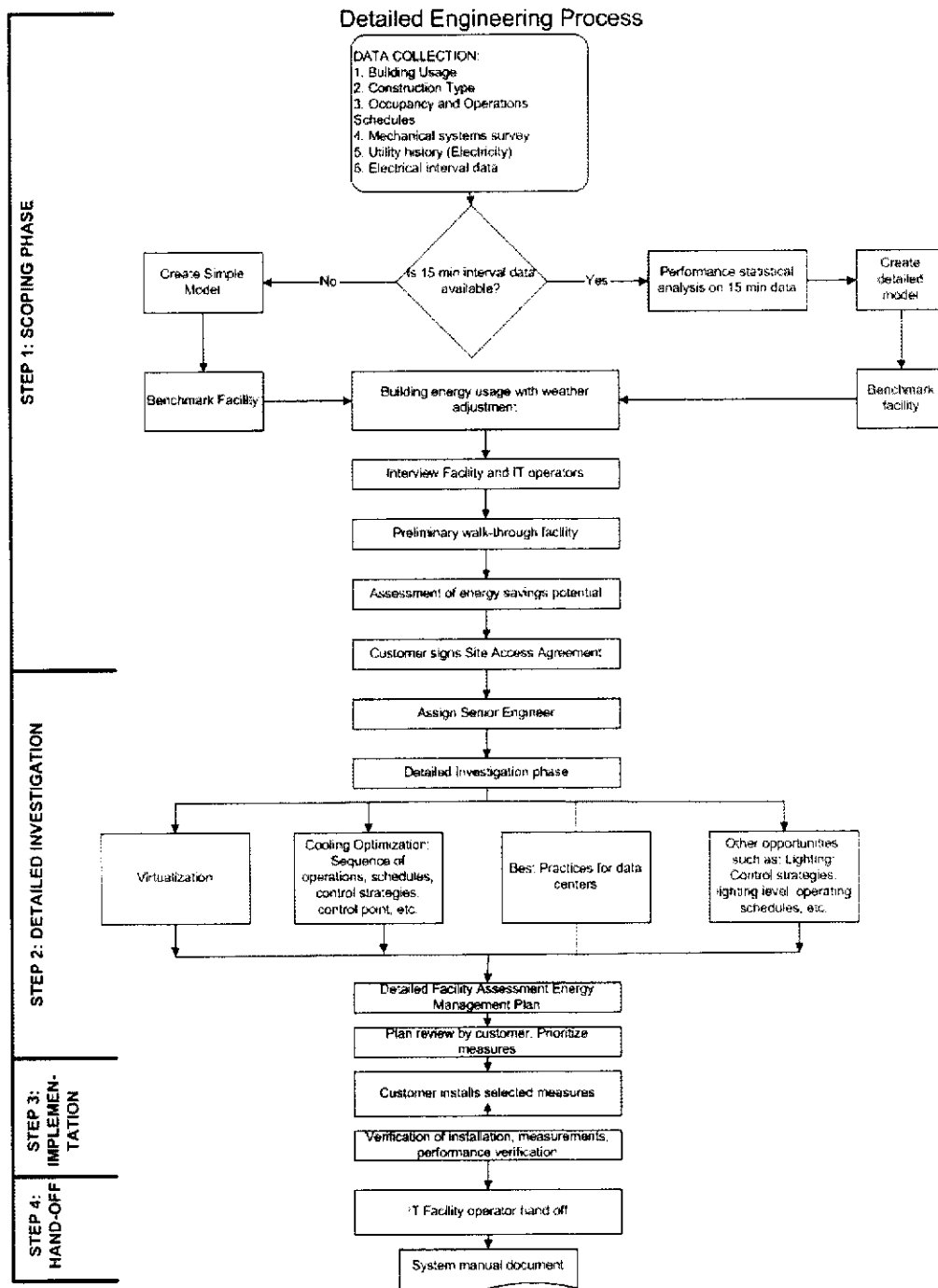
//

//

//

//

Exhibit: 2 Detailed engineering process

**Task 5 – Invoicing and Reporting for Completed Projects (Installation Phase)**

As part of this task, QuEST will invoice SVP for completed projects that have met the requirements outlined above.

- A. Invoicing Requirements:** For task expenditures, QuEST will submit a monthly invoice to SVP for program accomplishments, and as appropriate installations, in the previous month by the 10th day of the month, including a final invoice after program is concluded (date to be determined by SVP).

B. **Incentives:** DCOP will provide rebates to reduce or eliminate customer installation costs based on the project potential savings as calculated in the Facility Assessment Report and Customer Rebate Application. Rebates are determined based on approximately \$ 0.10 / kWh gross savings based on a portfolio of measures, capped at documented project cost.

Whenever possible, SVP prescriptive rebate amounts will be matched. For example, incentives for server virtualization or PC power management will be offered at the levels established by SVP under its rebate programs.

Deliverable: Invoice containing required detail on individual project incentives
Deliverable Due Date: Included with monthly invoice or more frequently as requested by SVP

Task 6 – Quality Assurance and Verification

QuEST will perform 100% post installation verification of measures. As needed it will perform additional monitoring or trending to gauge persistence of savings.

Once installation is completed and verified by program staff, the customer will be provided with a program Feedback Survey with instructions and a postage-paid envelope for collection. The survey will allow the customer to comment on their experience and overall program process. Because these surveys will be provided and collected as each site is completed (as opposed to at the very end of the program), they will allow program staff to identify recurring issues or problems with the program process and make corrections in a timely manner. Copies of the surveys will be submitted to SVP as they are received and will be summarized in monthly reports.

Deliverables: Installation Verification Summaries and Customer Survey Reports
Due Dates: Included in monthly program reports

Task 7 – Address and Resolve all Customer Issues

As part of this task, QuEST program staff will work to address and resolve all customer issues discovered through survey feedback or other means of customer contact. SVP program manager will be notified by email of any customer issue within 24 hours. QuEST shall provide SVP with a detailed description of any complaint. This description will include the name and contact information of the customer complaining, a brief description of the complaint, and any other information requested by SVP. The notification will also include an action plan describing the steps QuEST and the customer will take to rectify the matter. Finally, QuEST may request SVP assistance and QuEST understands that SVP may at its discretion direct the process of problem resolution.

QuEST will make every effort to resolve program related customer issues within 15 days.

In addition, QuEST currently has built a customer complaint tracking system as part of its program management database and will update this log under the proposed program. SVP will have access to the database. Information related to all customer issues will be included in program monthly reports.

QuEST program staff will continue to work to address customer issues through the end of the Contract performance period, at which time all remaining issues will be reported to SVP.

Task 8 – Ramp-Down and Shut-Down Program

As part of this task, QuEST program staff will ramp down the program gradually prior to program end. Due to the program size and projected number of installations, it will be very manageable to track progress and project the completion of program goals. If the program goal is covered by project commitments by 6/01/2009, QuEST program staff will inform all parties contacted for participation that the program has reached its quota and it is no longer available.

A. **Program Ramp-down:** QuEST program staff will work with the SVP program manager to finalize a ramp-down plan for the program to ensure all services are completed, all projects and measures installed, and all incentives paid by October 1, 2009.

B. **Program Shut-down:** QuEST program staff will work with the SVP program manager to finalize a shut-down plan for the program as all program activity will be discontinued after the final day of the Contract performance period.

Task 9 – Submit Final Program Report

As part of this task, QuEST program staff will deliver the final report at the conclusion of the program, prior to December 1, 2009. The report will address each of the following:

- Program achievements
- Program challenges
- Goal attainment
- Lessons learned
- Program improvement recommendations
- Program next step proposed (continue or end)

B. PROGRAM BUDGET

a. Administrative Costs	
a.i. Program Administration, Reporting, Management	\$ 30,435
b. Marketing/Outreach	\$ 71,580
c. Direct Implementation (non incentive)	
c.i. Activity – Engineering and Analysis	\$ 153,900
c.iv. Rebate Processing and Post Inspection	\$ 30,210
d. Total Incentives and Rebates	\$ 210,000
e. EM&V	\$ -
Total	\$ 496,125